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# RECORD, CASE No. 14,355.

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SUPREME COURT OF THE UNITED STATES.

**OCTOBER TERM, 1893.**

TERM NO., 309.

CORNELIUS P. KEELER AND GEORGE A. KEELER,
APPELLANTS,

*vs.*

THE STANDARD FOLDING BED COMPANY.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR
THE DISTRICT OF MASSACHUSETTS.

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**FILED OCTOBER 20, 1890.**

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1 UNITED STATES OF AMERICA,
*Massachusetts District*, } *ss:*

At a circuit court of the United States for the first circuit, begun and holden at Boston, within and for the district of Massachusetts, on Tuesday, the fifteenth day of October, in the year of our Lord one thousand eight hundred and eighty-nine, before the Honorable Le Baron B. Colt, circuit judge.

THE STANDARD FOLDING BED COMPANY, Complainants,
*v.*
CORNELIUS P. KEELER *et al.*, Defendants. } No. 2556. Equity Docket.

The bill of complaint in this cause was filed in the clerk's office on the twenty-third day of October, A. D. 1888, and was duly entered at the October term of this court, A. D. 1888, and is in the words and figures following:

2 *Bill of Complaint.*

(Filed Oct. 23, 1888.)

To the honorable the judges of the circuit court of the United States for the district of Massachusetts:

The Standard Folding Bed Company, a corporation organized and existing under and by virtue of the laws of the State of New York, and a citizen of said State, having its principal place of business in the city of New York, brings this bill of complaint against C. P. Keeler and G. A. Keeler, of the city of Cambridge and State of Massachusetts, citizens of said State, and copartners, doing business under the firm name of Keeler & Co., in Boston in said district.

And thereupon your orators complain and say:—

That prior to the third day of February, 1885, Lyman W. Welch, a citizen of the United States, then residing at Montpelier, in the county of Washington and State of Vermont, was the original and first inventor of a certain new and useful improvement in wardrobe bedsteads, fully described in the specification of the letters patent next hereinafter mentioned, and which was not known or used in this country, and not patented or described in any printed publication in this or in any foreign country, before his invention thereof; and was not in public use or on sale more than two years prior to his application for letters patent of the United States.

2*a* Your orators further show that on said third day of February, 1885, letters patent of the United States for said invention, in due form of law, signed, countersigned and sealed, dated Feb. 3, 1885, and numbered 311,623, were granted and delivered to said Lyman W. Welch for said invention, whereby there was granted and secured to said Lyman W. Welch and his heirs or assigns, for the term of seventeen years from and after the third day of February, 1885, the exclusive right to make, use and vend the said invention throughout the United States and the territories thereof, as by said letters patent, or a certified copy thereof, in court to be produced, will more fully appear.

And your orators further show that the said Lyman W. Welch, by written assignment, dated the twenty-sixth day of June, 1886, and duly recorded in the Patent Office, assigned and conveyed unto William C. Ilsley, Chester P. Doubleday, Edwin S. Doubleday and James P. Hayes, a copartnership then doing business in the city of New York, under the firm name and style of the Standard Folding Bed Company, all the right, title and interest of said Lyman W. Welch in and to said invention and said letters patent therefor to and in the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut, as by said assignment, or a duly certified copy thereof, in court to be produced, will more fully appear.

And your orators further show that in the month of January, 1887, the said William C. Ilsley, Chester P. Doubleday, Edwin S. Doubleday and James P. Hayes, copartners as aforesaid, did organize a certain corporation under the laws of the State of New York, to wit, your orators, The Standard Folding Bed Company, and did thereupon, by written assignment, dated the eighth day of January, 1888, and duly recorded in the Patent Office, transfer unto Benjamin F. Watkins, of the city of New York, all the right, title and interest of the said copartnership in and to said invention within the territory aforesaid, including the State of Massachusetts, and the said Benjamin F. Watkins did thereupon, by written assignment, dated the twenty-second day of January, 1887, and duly recorded in the Patent Office, transfer unto your orators all right, title and interest in and to the said invention within the said territory, including

3 the State of Massachusetts, and that your orators by virtue of the aforesaid assignments became and now are the sole owners of said letters patent, and of all rights and privileges secured thereby, within and throughout the said territory, including the State of Massachusetts, as by said assignments, or duly certified copies thereof, in court to be produced, will more fully appear.

And your orators further show that prior to the fourteenth day of June, 1887, the said Lyman W. Welch, a citizen of the United States, then residing at Montpelier, in the county of Washington and State of Vermont, as aforesaid, was the original and first inventor of a certain other new and useful improvement in wardrobe bedsteads fully described in the specification of the letters patent next hereinafter mentioned, and which was not known or used in this country, and not patented or described in any printed publication in this or in any foreign country, before this invention thereof, and was not in public use or on sale more than two years prior to his application for letters patent of the United States therefor.

Your orators further show that on the said fourteenth day of June, 1887, letters patent of the United States for said invention, in due form of law, signed, countersigned and sealed, dated June 14, 1887, and numbered 364,875, were granted and delivered to said Lyman W. Welch for said invention, whereby there was granted and secured to said Lyman W. Welch and his heirs or assigns, for the term of seventeen years from and after the fourteenth day of June, 1887, the exclusive right to make, use and vend the said invention throughout the United States and the territories thereof, as by said letters patent, or a certified copy thereof, in court to be produced, will more fully appear.

And your orators further show that the said Lyman W. Welch, by written assignment dated the fourteenth day of June, 1887, and duly recorded in the Patent Office, assigned and conveyed unto your orators, The Standard Folding Bed Company, all the right, title and interest of said Lyman W. Welch in and to said invention and letters patent therefor, to and in the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, as well as certain other territories, and that your orators by virtue of
the said assignment became and now are the sole owners
4 of said letters patent and of all rights and privileges secured
thereby within and throughout the said territory, including
the State of Massachusetts, as by said assignment, or a duly certified copy thereof, in court to — produced, will more fully appear.

And your orators further show that the said inventions covered respectively by the said letters patent Nos. 311,623 and 364,875 and described in the specifications thereof, are capable of conjoint use, and are so used by your orators and also by the defendants, and that the wardrobe bedsteads made and sold by defendants as hereinafter set forth contain and use conjointly both the said inventions.

And your orators further show that the said improvements in wardrobe bedsteads, patented to said Lyman W. Welch as aforesaid in letters patent No. 311,623, had been in the exclusive possession of said Welch up to the making of said assignment to the said William C. Ilsley, Chester P. Doubleday, Edwin S. Doubleday and James P. Hayes; and thereafter and up to the time of the making of said assignment to your orators, the said improvements had been in the exclusive possession of said William C. Ilsley, Chester P. Doubleday, Edwin S. Doubleday and James P. Hayes within the territory aforesaid, including the State of Massachusetts, and since the said assignments respectively of letters patent Nos. 311,623 and 364,875 to your orators, the said improvements have been in your orators' exclusive possession; and that since your orators became owners as aforesaid, your orators have invested and expended large sums of money and have been to great trouble concerning said invention, for the purpose of making the same profitable to your orators and valuable to the public; and that the said inventions have been and are of great benefit and advantage, and that your orators and their assignors aforesaid have made and manufactured and sold, and now make, manufacture and sell large numbers of said improved wardrobe bedsteads to the great advantage of your orators and the public; and the public has generally acknowledged and acquiesced in the aforesaid rights of your orators, and that

your orators have realized and received large gains and profits
therefrom and believe that they will continue to realize and
5 receive large profits therefrom if infringements by said defendants shall be prevented.

And your orators further show that the said defendants, since said assignment to your orators, and up to the time of the commencement of this suit, and during and within the term of seventeen years mentioned respectively in said letters patent Nos. 311,623 and 364,875, and within the State of Massachusetts, unlawfully, wrongfully and injuriously, and with intent to derive profits from making, using and selling said improved wardrobe bedsteads, and to deprive your orators of the profits which they might otherwise have derived from the manufacture and sale of said wardrobe bedsteads, and without the license of your orators, did make, use and sell, and cause to be made, used and sold, and still make, use and sell the said improved wardrobe bedsteads, in infringement of the said exclusive rights secured to said Lyman W. Welch, and thereafter assigned to your orators; but how many such improved wardrobe bedsteads said defendants have made, used and sold, your orators are ignorant and cannot set forth, but your orators aver, on information and belief, have made and sold, and caused to be made and sold within said State of Massachusetts, a large number thereof and have derived and are deriving large profits therefrom, but to what amount your orators are ignorant and cannot set forth; and that your orators have been deprived of large profits and royalties by reason of the aforesaid infringement of the defendants, and that your orators have thereby suffered large damages; all of which said doings of said defendants are contrary to equity.

And your orators further show that they have requested the defendants to acknowledge the rights of your orators in the premises, and to desist and refrain from infringing the same, and to pay over to your orators what is justly due to your orators by reason of said infringement. But said defendants have wholly refused so to do, and, on the contrary, continue the said infringement of the rights of your orators, as aforesaid; and your orators fear and have reason to fear that, unless the defendants are restrained by writ of injunction issuing out of this honorable court, said defendants will continue to make, use and sell numbers of said wardrobe bedsteads,
and thereby will cause irreparable injury to your orators.

6 In consideration whereof, and forasmuch as your orators
can only have adequate relief in this court of equity, to the end, therefore, that said defendants may, if they can, show why your orators should not have the relief herein prayed, and may, upon their corporal oaths, and to the best and utmost of their knowledge, remembrance, information and belief, full, true, direct and proper answer make to all the matters and things stated and charged.

And that said defendants may answer the premises, and that they may be decreed to account with and pay over to your orators their said unlawfully realized profits and your orators' said unlawfully suffered damages, with the costs of this suit.

May it please your honors to grant unto your orators the writ of injunction of this court, provisionally enjoining and restraining said defendants and their clerks, attorneys, agents, servants and workmen from making and using and vending any improved wardrobe bedsteads embodying said patented improvements, during the pendency of this suit, and also the writ of injunction of this court perpetually enjoining and restraining said defendants and their clerks, attorneys, agents, servants and workmen from making and using and vending any improved wardrobe bedsteads embodying said patented improvements; and that your orators may have such other or further relief as the nature of the case may require and to your honors may seem meet.

May it please your honors to grant unto your orators not only the writ of injunction conformable to the prayer of this bill, but also a writ of subpœna directed to said defendants commanding them on a day certain, therein to be named, to be and to appear in this court, then and there to answer the premises and to stand to, perform and abide by such further order, direction and decree as may be made against said defendants.

And your orators, as in duty bound, will ever pray, etc.

[SEAL.] THE STANDARD FOLDING BED CO.,
By JAMES P. HAYES, *Secretary.*

EDWIN T. RICE JR.,
*Solicitor and of Counsel for Complainants.*

7 CITY AND COUNTY OF NEW YORK, *ss:*

James P. Hayes, being duly sworn, says that he is the secretary of The Standard Folding Bed Company, complainants herein; that he has read the foregoing bill of complaint, and knows the contents thereof; that the same is true of his own knowledge except as to the matters therein stated to be alleged upon information and belief and as to those matters he believes the same to be true.

JAMES P. HAYES.

Sworn to before me this twenty-second day of October, 1888.

[SEAL.] WILLARD PARKER BUTLER,
*Notary Public, Westchester County.*

Certificate filed in New York county.

At the said October term, A. D. 1888, the following answer and replication were filed:

### *Answer.*

(Filed March 12, 1889.)

The joint and several answer of Cornelius P. Keeler and George A. Keeler, respondents, to the bill of complaint of The Standard Folding Bed Company, complainants.

Saving and reserving unto themselves all advantage of exception to the insufficiencies of the bill of complaint on file herein,—

1. These respondents can neither admit nor deny that the complainants are a corporation organized and existing under the laws of the State of New York, and leave the complainants to prove the same as it may be advised.

2. They admit on information and belief that letters patent of the United States, dated Feb. 3, 1885, No. 311,623, were granted and issued to Lyman W. Welch, in said bill mentioned, for an improvement in wardrobe bedsteads, as stated in said bill. But the defendants, on information and belief deny that said letters patent were lawfully so granted and issued, or that the improvement had not been in public use or on sale with the consent and allowance of said Welch for more than two years before the application for said patent as alleged in said bill, or that said Welch was the 8 original and first inventor of the improvement described in said letters patent, or that said Welch obtained any exclusive right and liberty by virtue of said letters patent.

3. They admit on information and belief the assignment from said Welch to Ilsley and others, and from Ilsley and others to Watkins, and from Watkins to the complainants, as alleged in the bill.

4. They admit on information and belief that letters patent of the United States, dated June 14, 1887, No. 364,875, were granted and issued to Lyman W. Welch as stated in said bill. But the defendants on information and belief deny that said letters patent were lawfully so granted and issued, or that the improvement had not been in public use or on sale with the consent and allowance of said Welch for more than two years before the application for said letters patent as alleged in said bill, or that said Welch was the original and first inventor of the improvement described in said letters patent, or that said Welch obtained any exclusive right and liberty by virtue of said letters patent.

5. They admit on information and belief that said Welch assigned said letters patent to the complainants, as alleged in the bill, but allege that said assignment was not recorded in the Patent Office until Oct. 26, 1888, and the respondents had no notice thereof prior to said last-named date.

6. They deny that said inventions covered respectively by said letters patent No. 311,623 and No. 364,875 are capable of conjoint use, and are so used by these respondents.

7. They deny on information and belief that the public, or the users of the said alleged improvements, have acknowledged and acquiesced in the said pretended rights of the complainants or that the complainants have expended large sums of money for the purposes alleged in the bill; or that the complainants have manufactured and sold and now manufacture and sell large numbers of said improved wardrobe bedsteads, or that the complainants have received large gains and profits therefrom.

8. They deny that they have infringed the said letters patent or either of them as charged in the bill.

9. Without this that there is any other matter, cause or thing in said bill contained material or necessary for these re- 9 spondents to make answer unto and not herein and hereby

well and sufficiently answered, confessed, traversed, and avoided or denied, is not true to the knowledge or belief of these respondents: all which matters and things these defendants are ready and willing to aver, maintain, and prove as this honorable court shall direct, and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

C. P. KEELER.
By GEO. A. KEELER.
GEO. A. KEELER.

UNITED STATES OF AMERICA, }
*State and District of Massachusetts,* }

On this twelfth day of March, A. D. 1889, before me personally appeared George A. Keeler, one of the above-named respondents, who, being by me sworn, did depose and say that he has read the foregoing answer by him subscribed and knows the contents thereof, and that the same is true of his own knowledge except as to matters therein stated on information and belief, and as to those matters he verily believes the same to be true.

J. HENRY TAYLOR,
*Notary Public.*

[SEAL.]

## *Replication.*

(Filed April 1, 1889.)

The replication of The Standard Folding Bed Company, complainants, to the answer of C. P. Keeler and G. A. Keeler, defendants.

These repliants, saving and reserving unto themselves now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of the said answer, for replication thereunto say that they will aver, maintain, and prove their said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by these repliants: without this, that any other matter or thing whatsoever in said answer contained material or effectual in the law to be replied unto and not herein and hereby well and sufficiently replied unto, confessed or avoided, traversed or denied, is true; all which matters and things these repliants are and will be ready to aver, maintain, and prove as this honorable court shall direct, and humbly pray as in and by their said bill they have already prayed.

EDWIN T. RICE, JR.,
*Solicitor and of Counsel for Complainants.*

This cause was thence continued from term to term to this present October term, A. D. 1889, when the same is submitted to the court on the briefs of counsel for the respective parties, and at the same term, to wit, January 2, 1890, the rescript of the court is filed, and the following decree for an injunction and an account is entered:

*Decree.*

(Entered January 2, 1890.)

11 This cause came on to be heard at this term, upon the pleadings and proofs, and was argued by counsel for the respective parties; and now, upon consideration thereof, to wit, January 2d, 1890, it is ordered, adjudged, and decreed as follows, viz: That the letters patent referred to in the complainants' bill, being letters patent of the United States, granted unto Lyman W. Welch, for improvements in wardrobe bedsteads, numbered 311,623, and dated February 3rd, 1885, and also letters patent, granted to said Lyman W. Welch, for improvements in wardrobe bedsteads, dated June 14th, 1887, and numbered 364,875, are good and valid patents, and that the said Lyman W. Welch was the original and first inventor of the improvements described and claimed therein, and that the said defendants have infringed the said patent and upon the exclusive rights of the complainants under the same.

And it is further ordered, adjudged, and decreed that the complainants recover of the defendants the profits which they have received or made or which have accrued to them from said infringement by the manufacture, use, or sale of the improvement described and secured by said letters patent at any and all times since the 22nd day of January, 1887, and, in addition thereto, the damage which the complainants have sustained thereby.

And it is further ordered, adjudged, and decreed that it be referred to John G. Stetson, a master of this court (this reference being made because counsel for both parties request it), to take and report to the court an account of the profits which the said defendants have received or which have arisen or accrued to them from the infringement of the patented invention by unlawfully making, using, or vending the same as alleged in the bill, and to ascertain and report the damages, if any, in addition to the profits, which the complainants have sustained thereby since the twenty-second day of January, A. D. 1887.

12 And it is further ordered, adjudged, and decreed that a perpetual injunction be issued against the defendants according to the prayer of the bill.

And it is further ordered, adjudged, and decreed that the complainants recover of the defendants their costs of suit.

By the court:

ALEX. H. TROWBRIDGE,
*Deputy Clerk.*

At the said October term, A. D. 1889, the following master's report is filed:

### *Master's Report.*

(Filed March 10, 1890.)

This cause was referred to me January 2, 1890, by a decree in the usual form, to ascertain the profits and damages to which the complainants are entitled from the infringement adjudged by the court. The parties appeared before me February 24, 1890, by counsel, and the defendants filed the following account:

### *Defendants' Account.*

| | | |
|---|---|---|
| Bought 21 beds | $970 09 | |
| Sold 19 beds | ...... | $1,284 00 |
| Received from insurance, 3 beds | ...... | 197 50 |
| Cost of conducting business, 20% | 194 01 | |
| | $1,164 10 | $1,481 50 |
| Balance, profits | | $317 40 |

This account was accompanied by schedules showing details, and was verified by the oath of R. P. Buzzell, a member of the defendant company. Mr. Buzzell and the defendants' book-keeper, F. E. Batchelder, were examined upon the account.

13 An adjournment was had to March 8, 1890, and, pending this adjournment, the complainants' counsel notified me that complainants accept the account filed by the defendants. I make, therefore, the following finding:

### *Finding.*

I find that the defendants have received profits from the infringement complained of amounting to three hundred and seventeen dollars and forty cents ($317.40), which the complainants are entitled to recover from the defendants.

Respectfully submitted.

JOHN G. STETSON, *Master.*

At the said October term, A. D. 1889, the following final decree is entered:

### *Final Decree.*

(Entered April 10, 1890.)

And now, to wit, April 10th, 1890, it is ordered, adjudged, and decreed by the court that the report of the master in this cause be confirmed, and that the said Standard Folding Bed Company, complainants, recover of the said C. P. Keeler and G. A. Keeler, defendants, the sum of three hundred and seventeen dollars and forty

cents damages and their costs of suit, taxed at one hundred and
forty dollars and thirty-one cents.

By the court:

ALEX. H. TROWBRIDGE,
*Deputy Clerk.*

From this decree the defendants in open court claim an
14 appeal to the Supreme Court of the United States, and give
good and sufficient security that they will prosecute their
appeal to effect and answer all damages and costs if they fail to
make their plea good, and said appeal is allowed.

A true record.

JOHN G. STETSON, *Clerk.*

Attest:

The following is the evidence used at the hearing of said cause
before said circuit court:

*Evidence for Complainants.*

Taken, pursuant to the annexed consent, before Willard Parker
Butler, notary public.

NEW YORK, *May* 21, 1889.

Present: Edwin T. Rice, Jr., Esq., of counsel for complainants:
J. Henry Taylor, Esq., of counsel for defendants.
Complainants' counsel offers in evidence—
1. Patent Office copy of the United States patent to Lyman W.
Welch, dated Feb. 3, 1885, No. 311,623, for an improvement in
wardrobe bedsteads.
The same is received and marked "Complainants' Exhibit 1, May
21, 1889."
Complainants' counsel also offers in evidence Patent Office copy
of the United States patent to Lyman W. Welch, dated June 14,
1887, No. 364,875, for an improvement in wardrobe bedsteads.
The same is received and marked "Complainants' Exhibit 2, May
21, 1889."
Complainants' counsel also offers in evidence copy of the stipula-
tion filed herein, dated Dec. 5, 1888, signed by the solicitors for the
complainants and defendants respectively.
The same is received and marked "Complainants' Exhibit 3, May
21, 1889."
15 It is admitted that at the times in the bill of complaint
mentioned, the complainants were, and still are a corpora-
tion organized and existing under and by virtue of the laws of the
State of New York.

## *Deposition of James P. Hayes.*

James P. Hayes, a witness on behalf of complainants, being duly sworn, testifies as follows, in answer to interrogatories propounded by Edwin T. Rice, Jr., of counsel for complainants:

Int. 1. What is your name, age, residence, and occupation?

Ans. James P. Hayes; age, thirty-two; residence, Mount Vernon, N. Y.; occupation, vice-president and general manager of The Standard Folding Bed Company, the complainants herein.

Int. 2. How long have you been connected with the Standard Folding Bed Company?

Ans. I have been general manager of that corporation ever since its organization in January, 1887. Prior to the incorporation of that company, the folding-bed business to which it succeeded, and which it now conducts, had been carried on by a copartnership under the name and style of the Standard Folding Bed Company. The copartnership, of which I was also a member, was formed in the month of September, 1885, and the business of dealing in folding beds has been carried on continuously, first by the copartnership and then by the corporation, ever since September, 1885.

Int. 3. What has been the principal business of the copartnership and corporation?

Ans. The manufacture and sale of the improved wardrobe or
folding beds invented by Lyman W. Welch and patented to him by
letters patent No. 311,623 and 364,875. The copartnership was
originally organized for the purpose of manufacturing and selling the
Welch beds, and, in September, 1885, bought from the patentee
certain territorial interests in the original patent No. 311,623. After-
wards, and in June, 1886, a further purchase was made and
an assignment obtained from the patentee, of certain other territorial
interests in the same patent, which territory included the entire
State of Massachusetts. When the second patent was issued,
16 on June 14, 1887, an assignment was made to the complain-
ants of all the patentee's rights thereunder, for the same
territory, including Massachusetts.

Int. 4. Have any assignments or transfers been made by complainants of the rights so acquired under either patent?

Ans. No; the Standard Folding Bed Company has never assigned any of the rights so acquired, and is now the owner of all the territorial rights so assigned by the patentee under both of the patents referred to.

Int. 5. State what has been done by complainants in the way of transacting business under the patents in Massachusetts.

Ans. Ever since the rights were originally acquired for that State, we have been actively engaged in selling and manufacturing for sale the Welch beds in Massachusetts. We have spent large sums of money in introducing and advertising the goods and making their merits known, and have employed agents and salesmen for the same purpose. We have appointed Messrs. Hervey & Co., who

are a large furniture house in Boston, our selling agents in that city,
and they also have been at large expense in building up the busi-
ness and creating a demand for the Welch beds. Now we have built
up a large and profitable business there.

Int. 6. Are the inventions covered by letters patent No. 311,623
and 364,875 capable of conjoint use?

Ans. They are. Nearly all the beds made and sold by us since
the issue of the second patent, *i. e.*, June 14, 1887, employ both
inventions conjointly.

Int. 7. Has the public acquiesced in the patents, or have either
of them been infringed since you began to manufacture and sell
under them?

Ans. The public has uniformly respected the patents, and there
has been no infringement of them that I know of, excepting the sales
in our territory by defendants, which we are seeking to prevent by
this suit. It is now nearly four years since we began the manufact-
ure and sale of the Welch beds, and the defendants are the first in-
fringers who have given us any trouble.

Int. 8. How have the defendants infringed your patents?

Ans. They have brought within our territory and sold a large
number of beds containing the improvements patented and
17 described in both the Welch patents. These sales were made
by defendants against our protest. As soon as we discovered
that they were selling the Welch beds we notified them to desist.
They refused, and we thereupon brought this suit to restrain them
from selling in our territory. Their sales continued down to the
issue of the provisional injunction herein, and have occasioned
great loss to the complainants and Hervey & Co., complainants'
selling agents. The beds sold by defendants were purchased by
them at Grand Rapids from the Welch Folding Bed Company, as
stated in the stipulation of Dec. 5, 1888.

(Cross-examination waived by defendants' counsel.)

JAMES P. HAYES.

Subscribed and sworn to before me, at the city of New York, this twenty-first day of May, 1889, before me,

[SEAL.] WILLARD PARKER BUTLER,
*Notary Public, Westchester County.*

Certificate filed in New York county.

It is hereby consented that the foregoing proofs, taken before Willard Parker Butler, Esq., notary public, may be printed and used at the final hearing herein.

EDWIN T. RICE, Jr.,
*For Complainants.*
J. HENRY TAYLOR,
*For Defendants.*

COMPLAINANTS' EXHIBIT 3. May 21, 1889. Willard Parker Butler, N. P.

It is stipulated and agreed for the purposes of this case that the complainant is the owner of the exclusive right under letters patent granted Lyman W. Welch Feb. 3, 1885, No. 311,623, and June 14, 1887, No. 354,875, for improvements in folding beds, for certain territory, including the States of New York and Massachusetts; that the Welch Folding Bed Company, of Grand Rapids, Mich., own the said patents for certain territory other than Massachusetts and New York, including the State of Michigan, and manufacture 18 and sell said folding beds under the said patents in Michigan; that the defendants purchased a car-load of said beds from the said Welch Folding Bed Company, at Grand Rapids, Mich., for the purpose of selling them in Massachusetts, and afterward sold and are now engaged in selling said beds in Boston, Mass.; that about October, 1887, prior to said purchase, said defendants ordered one of said Welch beds from the complainants, who referred them to W. H. Hervey, of Boston, their selling agent, and that said order was afterwards filled by said Hervey.

Dated Dec. 5, 1888.

EDWIN T. RICE, JR.,
*Complainants' Solicitor.*
J. HENRY TAYLOR,
*For Defendants.*

## *Evidence for Defendants.*

By agreement of counsel for the respective parties the following papers constitute the evidence for defendants, as if formally offered in evidence:

### *Affidavit of George A. Keeler.*

George A. Keeler, being duly sworn, says:

I am thirty-seven years of age, reside in Cambridge, Mass., and am the junior member of the firm of Keeler & Co., doing business in Boston, in said State. I have read the affidavits of James P. Hayes and W. H. Hervey in this case. In the month of May, 1887, I visited the ware-rooms of the complainants in New York city, being there on other business, and asked a gentleman, apparently in charge, if I could buy any of the beds manufactured by Welch & Co. He said no; they were tied up that year with Hervey & Co., but that the contract expired at the end of the year, when they would be pleased to talk the matter over with me. I ordered a bed from the complainants in October, 1887, and finally got it from Hervey & Co., at the request of the complainants. At this 19 time I believed that Hervey & Co.'s contract expired at the end of the year, as I was told in May, 1887, when I called at complainants' ware-rooms.

In January, 1888, when the purchase of a car-load of beds was made in Grand Rapids, nothing was said to the effect that I could not buy the beds, or that they were confined to selling in Michigan, or to Hervey & Co., or any one else. I was given to understand that I had a perfect right to sell them, and it was known that they were purchased for sale in our business in Massachusetts, and I supposed the complainants and the Welch Company were one and the same concern. On receiving the beds, I placed one in our show-window, attaching to it a large placard, with the words "The Welch bed" upon it, feeling that I had a perfect right to openly advertise and sell it.

When Mr. Hayes called upon me, as stated in his affidavit, I declined to give him the information asked for, considering his questions impertinent, he not informing me who he was, or for what purpose he desired the information. Upon afterwards learning from him who he was, I immediately told him, if we had no right to sell the beds here, we certainly did not desire to do so, and gave him all the information he desired, and also offered to return the beds to his company at their actual cost to us, and not to purchase or sell more. This offer was not accepted, although, as appears from the letter hereto annexed, they wrote us for the cost of the same, which we sent them.

I believed at the time I purchased the car-load of beds, that the Welch Company and the complainants were one and the same concern, and believed then and believe now that the Welch Company manufacture the Welch beds sold by the complainants. I also believed that the contract with Hervey & Co. had expired at the close of the year 1887, and that I had therefore an undoubted right to sell beds in 1888 in the manner I did.

I never was informed by anybody, until I was informed by Mr. Hayes in our store, seven months after the beds had been purchased and were on sale, that the complainants had the exclusive right from the patentee for the sale of the beds in Massachusetts, or anywhere else.

GEORGE A. KEELER.

20 STATE AND DISTRICT OF MASSACHUSETTS, } ss.
*Suffolk,* }

BOSTON, *Dec.* 10, 1888.

Subscribed and sworn to before me.
[SEAL.] J. HENRY TAYLOR,
*Notary Public.*

### *Assignment of Lyman W. Welch to Standard Folding Bed Company.*

(2–175.)

DEPARTMENT OF THE INTERIOR,
UNITED STATES PATENT OFFICE.

To all persons to whom these presents shall come, Greeting:

This is to certify that the annexed is a true copy from the records of this office of an instrument of writing, executed by Lyman W.

Welch, June 14, 1887, and recorded in Liber $G^{39}$, page 59. Said record has been carefully compared with the original, and is a correct transcript of the whole thereof. Said assignment was received in the Patent Office, Oct. 22, 1888, and recorded Oct. 26, 1888.

In testimony whereof I, Benton J. Hall, Commissioner of Patents, have caused the seal of the Patent Office to be affixed this second day of January, in the year of our Lord one thousand eight hundred and eighty-nine, and of the Independence of the United States the one hundred and thirteenth.

[SEAL.]

BENTON J. HALL,
*Commissioner.*

Liber $G^{32}$, page 59.

Whereas, letters patent of the United States numbered 364,875 and dated June 14, 1887, were issued to the undersigned, Lyman W. Welch, of Montpelier, in the county of Washington and State of Vermont, for an improvement in wardrobe bedsteads; and

Whereas, the Standard Folding Bed Company, a corporation created and existing under and by virtue of the laws of the State of New York, is desirous of acquiring certain territorial interests in the said invention and the said letters patent therefor:

21 Now, therefore, to all whom it may concern, be it known, that for and in consideration of the sum of one dollar to me in hand paid, and other good and valuable considerations the receipt whereof is hereby acknowledged, I, the undersigned, Lyman W. Welch, have sold, assigned and transferred, and by these presents do sell, assign and transfer unto the said The Standard Folding Bed Company, the corporation aforesaid, all my right, title and interest in and to the said invention and letters patent therefor, and in and to all combinations of the same in the States of West Virginia, Virginia, the District of Columbia and the States of Delaware, Maryland, New Jersey, Pennsylvania, New York, Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut, the same to be held and enjoyed by the said The Standard Folding Bed Company, its successors and assigns, within and throughout the above-specified territory, but not elsewhere, for its and their own use and behoof, to the full end of the term for which said letters patent are or may be granted (thus including extension), as fully as the same would have been held and enjoyed by me had this assignment and sale not been made.

In witness whereof I have hereunto set my hand and seal this fourteenth day of June, one thousand eight hundred and eighty-seven.

LYMAN W. WELCH. [SEAL.]

In presence of—

SPENCER D. HINMAN.
W. H. HEATH.

Personally came before me, a notary public in and for Kent county, Mich., Lyman W. Welch, to me known to be the person who executed the foregoing, and acknowledged the same.

H. M. SLEEPER,
*Notary Public in and for Kent County, Mich.*

Recorded Oct. 26, 1888.

J. B. B.
A. C. W.

22 The following is the rescript of the court in accordance with which the decree of January 2, 1890, was entered:

*Rescript.*

(Filed January 2, 1890.)

COLT, *J.*:

I see no reason in this case to change the conclusions reached by the court upon the hearing on motion for a preliminary injunction, as reported in 37 Federal Reporter, 693, and I shall therefore direct a decree for complainants as prayed for in the bill.

Decree for complainants.

The following is the rescript of the court to which reference is made in the foregoing rescript of January 2, 1890, and in accordance with which a motion for preliminary injunction in this cause was granted:

*Rescript on Motion for Preliminary Injunction.*

(Filed Feb. 20, 1889.)

COLT, *J.*:

Under the agreed statement of facts it is admitted that the complainants are the owners of the exclusive right under letters patent granted to Lyman W. Welch, numbered 311,623 and 364,875, for improvements in folding beds, for certain territory, including the States of New York and Massachusetts; that the Welch Folding Bed Company of Grand Rapids, Michigan, own the said patents for certain territory other than Massachusetts and New York, including the State of Michigan, and manufacture and sell the folding beds made under the patents in Michigan.

23 It is further admitted that the defendants purchased a car-load of said beds from the Welch Folding Bed Company, at Grand Rapids, Michigan, for the purpose of selling them in Massachusetts, and that they afterwards sold and are now engaged in selling the said beds in Boston.

The sole question presented by this motion is whether the purchaser of a patented article sold by the assignee of a patent right for a certain defined territory can in the course of trade sell the article in another territory for which another person has the exclusive territorial right.

This exact question has not been as yet determined by the Supreme Court. In view, however, of the decision in Adams *v.* Burke, 17 Wall. 453, and of the decisions of the circuit courts since that time, I think it may be fairly said that the right to sell is not conferred upon such purchaser under the patent laws, and that therefore this motion for an injunction should be granted.

The Supreme Court in Adams *v.* Burke expressly limit the case to the right of the purchaser to use, and they thereby restrict the opinion of Judge Shepley in the court below (1 Holmes, 40) to that extent.

"Whatever, therefore," says Mr. Justice Miller, "may be the rule when patentees subdivide territorially their patents as to the exclusive right to make and to sell within a limited territory, we hold that in the class of machines or implements we have described when they are once lawfully made and sold there is no restriction on their use to be implied for the benefit of the patentee or his assignees or licensees."

As thus restricted to the use, the Supreme Court were divided in opinion, Jutices Bradley, Swayne, and Strong dissenting. Mr. 21 Justice Bradley in his dissenting opinion takes the position that the patent act gives to the patentee a monopoly of use as well as of manufacture throughout the United States, and that it authorizes not only an assignment of the whole patent or any undivided part thereof, but to grant the exclusive right under any patent to make, use, and to grant to others to make and use the thing patented within any specified portion of the United States, and that the only consistent construction to be given to the whole act is to limit all the privileges conferred by it to the district marked out.

The precise question now raised was before the circuit court in Hatch *v.* Adams, 22 Federal Reporter, 434, and Judge McKennan there held that the purchaser had no right to sell the article in the course of trade outside of the designated limits covered by the grant of his vendor.

This case was followed by Judge Wheeler in Hatch *v.* Hall, 22 Federal Reporter, 438. See also the same case in 30 Federal Reporter, 613. I agree with the conclusions of Judge McKennan in Hatch *v.* Adams upon the precise point now raised, as to the purchaser's right to sell.

Both in the light of the more recent cases and as a question of legal construction under the patent law, I think this motion should be granted.

Motion granted.

25 COMPLAINANTS' EXHIBIT 1. May 21, 1889. U. S. Letters Patent No. 311,623.

27 UNITED STATES PATENT OFFICE.

LYMAN W. WELCH, of Montpelier, Vermont.

*Wardrobe-bedstead.*

Specification forming part of Letters Patent No. 311,623, dated February 3, 1885. Application filed March 1, 1884. (No model.)

To all whom it may concern:

Be it known that I, Lyman W. Welch, a citizen of the United States, residing at Montpelier, in the county of Washington and State of Vermont, have invented new and valuable improvements in wardrobe-bedsteads; and I do hereby declare the same to be descibed in the following specification, and represented in the accompanying drawings.

My invention consists in a wardrobe-bedstead which may be lowered to the floor while in use, and folded closely to the wall at other times.

(Here follows diagram marked p. 26.)

Figure 1 is a perspective view showing the curtain and the bedstead when lowered to the floor. Fig. 2 is a side view showing the side piece or casing in dotted lines, the fixed pulley, the flexuous cord, cable or chain, the clamp around the same, the case or spring-receptacle attached to the side piece or casing, the bed-frame stop, and the bed-frame, with anti-friction pulley attached, and track therefor. Fig. 3 is a sectional view showing the fixed pulley, the flexuous means of suspension, the clamp, the spring-receptacle, and the coiled spring suspended therein. Fig. 4 is an end view of the bed-frame, showing the anti-friction pulleys. Fig. 5 is a front view of the curtain-pole and curtain covering the bedstead when the same is folded to the wall.

Like letters of reference refer to like parts in the several figures.

The letter *a* represents the head-board, securely fastened to the wall, and having attached to each end the casings *b b*.

*c c* represent fixed pulleys, one of which is firmly fastened to the inside of each of the casings aforesaid, and over which the flexuous cords, cables, or chains *g g* run when the bedstead is being raised or lowered.

*d* represents the bed-frame, supported at the foot end by the foot-board and legs combined, *e*, and suspended at the head end by the flexuous cords, cables, or chains from the fixed pulleys.

*g g* represent the cords, cables, or chains, which may be made of any suitable material, and are attached to the bed-frame at *h h h* by means of a button attachment. When the bedstead is folded up, the foot-board *e* is turned out in prolongation of the bed-frame *d*.

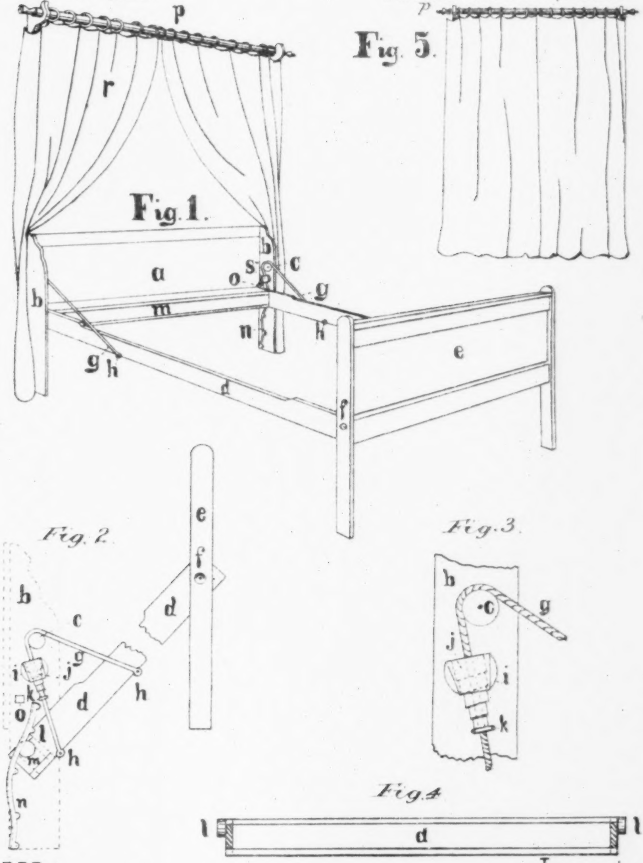
No 309
Keller et al
v
Standard F B Co } p 26.

(No Model.)

## L. W. WELCH.

### WARDROBE BEDSTEAD.

No. 311,623. Patented Feb. 3, 1885.



Witnesses:
A D Farwell
C H Baker

Inventor.
Lyman W. Welch
per Harlow W. Kemp.
Attorney.

*f* represents the pivot upon which the foot-board is turned, the top being turned down and outward, and the bottom being turned in and upward.

*i i* represent the cases or spring-receptacles, securely fastened to the inside of the casings *b b*, immediately below the fixed pulleys *c c*, and each containing the coiled springs *j j*. These springs are suspended from the top of the cases or spring-receptacles, and when the bedstead is being lowered and the cords, cables, or chains pass over the fixed pulleys, the clamps *k k*, around the flexuous cords, cables, or chains, pass upward and meet the bottoms of the springs *j j*, compressing them together and accumulating power which is utilized in again folding the bedstead to the wall.

*l l* represent the anti-friction pulleys, one of which is attached to each side of the bed-frame near the head end.

*n n* represent the curved tracks, attached to each casing on the inside, and are for the anti-friction pulleys *l l* to run upon in raising or lowering the bed.

*m* represents the end of the bed-frame, boxed so as to be filled with any suitable weight, which serves to counterbalance the bed-frame *d*.

*o o* represent the bed-frame stops, which consist of brackets, one of which is fastened on the inside of each of the casings *b b*, and support and keep the bed-frame firmly in position when the bedstead is lowered.

*p* represents the curtain-pole above the head-board, hung upon brackets from the wall, upon which the curtain *r* is drawn when the bedstead is folded up.

Having thus fully described my invention, what I claim is—

1. In a wardrobe-bedstead, the combination of the head-board *a* with the casings *b b*, provided with the fixed pulleys *c c*, and the bed-frame *d*, provided with the flexuous cords, cables, or chains *g g*, which pass over the fixed pulleys *c c*, all constructed to operate substantially as set forth and described.

2. In a wardrobe-bedstead, the combination of the head-board *a*, and the casings *b b*, provided with the springs *j j*, and the fixed pulleys *c c*, with the bed-frame *d*, said bed-frame being provided with flexuous cords, cables, or chains *g g*, which pass over the fixed pulleys *c c* and through the springs *j j*, and to which are attached lugs or stops *k k*, to engage said springs, all constructed to operate substantially as shown, and for the purposes described.

3. In a wardrobe-bedstead, the combination of the bed-frame *d*, having the weighted box end *m*, and the anti-friction pulleys *l l*, with the head-board *a*, and the casings *b b*, said casings having attached the fixed pulleys *c c*, the springs *j j*, and the tracks *n n*, all constructed to operate substantially as shown, and for the purposes described.

LYMAN W. WELCH.

Witnesses:
HIRAM S. SMITH.
FRED. F. BRADISH.

29 COMPLAINANTS' EXHIBIT 2. May 21, 1889. U. S. Letters Patent No. 364,875.

31 UNITED STATES PATENT OFFICE.

LYMAN W. WELCH, of Montpelier, Vermont.

*Wardrobe-bedstead.*

Specification forming part of Letters Patent No. 364,875, dated June 14, 1887; application filed July 7, 1886. Serial No. 207,362. (No model.)

To all whom it may concern:

Be it known that I, Lyman W. Welch, a citizen of the United States, and a resident of Montpelier, in the county of Washington and State of Vermont, have invented certain improvements in wardrobe-bedsteads, of which the following is a specification.

My invention relates to the class of bedsteads generally called "folding beds" or "turn-up beds," and particularly to that variety wherein the weight of the bed proper, which turns down, is measurably counterbalanced by a spring instead of by a weight.

My invention will be fully described hereinafter, and its novel features carefully defined in the claims.

(Here follows diagram marked p. 30.)

In the accompanying drawings, illustrating my invention, figure 1 is a perspective view of a bedstead embodying my invention, said view showing the movable hinged portion or bed proper turned down. Fig. 2 is a sectional side elevation of the bedstead, more clearly illustrating the various details of construction. Fig. 3 is a fragmentary sectional view on a larger scale, showing the conical volute spring, its box or casing, and the connecting-spring.

A represents, in general, the standing portion or casing of the bed, which is the front when the bedstead is closed up and stands with its back to the wall. This casing may be a dressing-case, bureau, or other similar article of furniture. The projecting portion A' of the casing or dressing case, which usually contains the drawers, is covered by a marble slab, L, in the same manner as an ordinary dressing-case. At its top the casing A has a hollow cornice-like projection, $A^2$, to receive and house the foot-board B' when the bedstead is closed or folded up.

B represents, in general, the bed proper or turn-down portion of the bedstead.

In the drawings I have omitted the bed bottom or spring and the bedding, in order to better show the construction.

B' is the foot-board; *b b*, the side rails, and C C the folding legs, which support the free end of the bed proper, B.

The bed proper is connected with the casing in substantially the

(No Model.)

# L. W. WELCH.

## WARDROBE BEDSTEAD.

No. 364,875. Patented June 14, 1887.

No. 309
Keeler et al.
v.
Standard
F. B. Co
} p 30

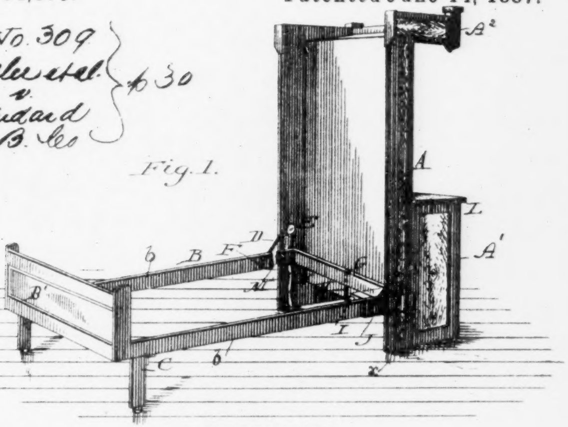


Fig. 1.

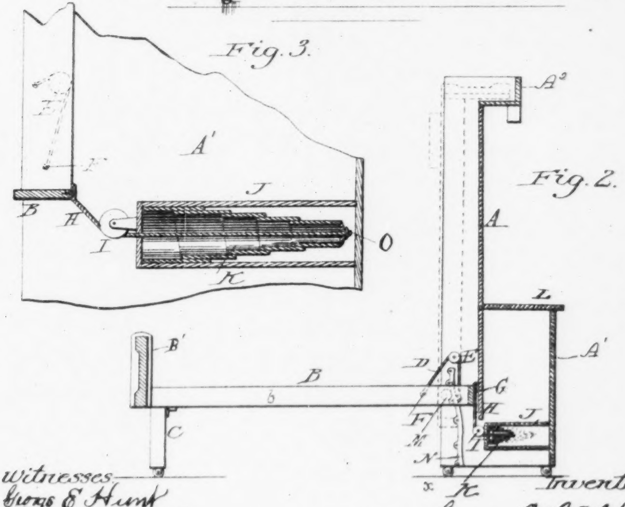


Fig. 3.

Fig. 2.

Witnesses.
George E. Hunt
George A. Knapp.

Inventor.
Lyman W. Welch
Jentes & Kempe, Attorneys.

same way and by the same instrumentalities as those illustrated in my patent No. 311,623, dated February 3, 1885—that is to say, D D are cords or chains of the proper length, secured at their ends to the side rails, *b*, and E E are sheaves or pulleys mounted, respectively, on the inner faces of the sides of casing A. The chains or cords D take, respectively, over said sheaves E, and play over same when the bed proper, B, is raised and lowered.

F represents the button attachment of chain D to rail *b*.

N N represent curved tracks secured, respectively, to the inner faces of the sides of the casing A, and M M represent friction-rollers mounted on the outer faces of the rails *b*, which roll on tracks N N, respectively, when the bed is raised and lowered. This feature, comprising the chains D, sheaves E, rollers M, and tracks N, one set at each side of the bed, being the same as that in my former patent, I do not specifically claim it herein.

The spring K, whereby the bed proper, B, is measurably counterbalanced, is shown compressed in Fig. 2 and distended in Fig. 3. This is a conical volute spring arranged in a box or casing, J, fixed under the projecting part $A'$ of the casing, and usually at about the middle of the width of the bedstead.

H is a cord or chain, which is attached to the foot-rail of the bed proper, B, at G, passes thence over a guide-sheave, I, fixed in bearings on the casing J, and thence through the spring K, and is fixed to a block, O, that takes against the end of spring K. The larger end or base of the spring abuts against the end of box J. When the bed proper, B, is turned down, the pull on the cord or chain H tends to compress spring K, and thus the spring tends to resist the descent of the bed and to counterbalance its weight. By arranging the spring under the projection $A'$ and covering said projecting part with a heavy slab, L, the tilting over of the standard or casing A is prevented.

In some folding beds a heavy weight is employed to counterbalance the part that turns down. In these beds there is no tendency to overturn the standard, as the pressure is directly downward from the pivotal axis. The excessive weight, however, is objectionable, as it prevents the bedstead from being moved about
32 freely. When a spring is employed in lieu of a weight, the standard or casing must either be secured to the wall or it must have a front projection heavy enough to counteract the tendency to turn over when the bed proper is pulled down. In my bed the fulcrum-point on which the casing A tends to turn when the bed proper, B, is pulled down is at the back casters, *c*, and I arrange my spring as far in front of these as possible by placing it beneath the projecting portion A, thus giving to the standard or casing far more stability than is found in this class of bedsteads where the spring is placed directly above the fulcrum-point.

Having thus described my invention, I claim—

1. The combination, with the casing A, provided with a projecting portion, $A'$, and a slab, L, thereon, as described, of the bed proper, B, hinged in said casing, whereby it may be turned down at the back of same, the spring K, arranged under the projecting

portion A′ of the casing, in front of the rear edge of the latter, the
cord or chain H, connected at one end to the end of the bed proper,
B, and at the other end to the spring, and the guide-sheave I, over
which said chain passes.

2. The combination, with the casing A, provided with a project-
ing portion, A′, and a slab, L, thereon, of the bed proper, B, at the
back of the casing, the supporting cords or chains D D, attached at
their ends to the bed proper and their bights taking over the sheaves
E E on the casing, the said sheaves, the rollers M M on the rails *b b*,
the tracks N N on the casing, the volute spring K, arranged under
the projecting portion A′, in front of the rear edge of the latter, the
sheave I, and chain H, all arranged to operate substantially as set
forth.

3. The combination, in a wardrobe-bedstead, with the casing or
standard having a projecting portion, A′, and slab L, of the spring-
box J, arranged horizontally under the bottom of said projecting
portion, the conical volute spring K, arranged in said box, the block
O at the small end of the spring, the guide-sheave I, the chain H,
attached at its one end to said block O, and extending through said
spring and over said sheave, and the bed proper, B, hinged in said
casing, the end of chain H being attached to said bed proper, all
substantially as set forth.

Signed at Montpelier, Vermont, April 26, 1886.

LYMAN W. WELCH.

Witnesses:

MELVILLE E. SMILIE.
TIMOTHY R. MERRILL.

33

## *Clerk's Certificate.*

UNITED STATES OF AMERICA, } *ss:*
*Massachusetts District,* }

I, John G. Stetson, clerk of the circuit court of the United States
for the first circuit and district of Massachusetts, certify that the
foregoing is a true copy of the record of said circuit court in the
cause in equity entitled—

THE STANDARD FOLDING BED COMPANY, Complainants, } No. 2556.
*v.*
CORNELIUS P. KEELER *et al.*, Defendants. }

Lately determined in said circuit court, and of all proceedings
therein, and of the rescripts of the court filed therein.

Seal of the Circuit Court, Massachusetts.

In testimony whereof I hereunto set my hand and affix the seal of said circuit court, at Boston, in said district, this first day of October, in the year of our Lord one thousand eight hundred and ninety, and of the Independence of the United States the one hundred and fifteenth.

JOHN G. STETSON, *Clerk.*

31 *Bond to Party on Appeal.*

Know all men by these presents that we, Cornelius P. Keeler and George A. Keeler, both of Cambridge, in the county of Middlesex, as principals, and John F. Small, of Boston, and Edgar A. Whittemore, of Malden, all in the State of Massachusetts, as sureties, are held and firmly bound unto the Standard Folding Bed Company, a corporation organized under the laws of the State of New York, in the full and just sum of one thousand dollars, to be paid to the said Standard Folding Bed Company, its successors or assigns, certain attorney: to which payment, well and truly to be made, we bind ourselves, our heirs, executors, and administraters, jointly and severally, by these presents.

Sealed with our seals and dated the fifteenth day of April, in the year of our Lord one thousand eight hundred and ninety.

Whereas, lately, at a circuit court within and for the district of Massachusetts, in a suit — equity depending in said court between The Standard Folding Bed Company, complainants, and Cornelius P. Keeler and George A. Keeler, defendants, decree was rendered against the said defendants, and the said defendants having obtained an appeal to remove the said cause to the Supreme Court of the United States to reverse the decree in the aforesaid suit, and a citation directed to the said complainants, citing and admonishing *it* to be and appear at a Supreme Court of the United States to be holden at Washington on the second Monday of October next:

Now, the condition of the above obligation is such that if the said defendants shall prosecute their said appeal to effect and answer all damages and costs if they fail to make their plea good, then the above obligation to be null and void; otherwise to remain in full force and virtue.

GEO. A. KEELER. [L. S.]
CORNELIUS P. KEELER. [L. S.]
JOHN F. SMALL. [L. S.]
EDGAR A. WHITTEMORE. [L. S.]

Signed, sealed, and delivered in presence of—

J. HENRY TAYLOR.
To G. A. K., C. P. K., & J. F. S.
A. H. TROWBRIDGE.
To E. A. W.

Approved:

LE BARON B. COLT.
*Circuit Judge.*

A true copy of the bond taken by the judge at the time of allowing the appeal named in said bond, which bond is on file in the office of the clerk of the circuit court of the United States for the first circuit and district of Massachusetts.

Attest: JOHN G. STETSON,
*Clerk U. S. C. C., Mass. Dist.*

Endorsed on cover: Case No. 14,355. Massachusetts C. C. U. S. No. 309. Cornelius P. Keeler and George A. Keeler, appellants, *vs.* The Standard Folding Bed Company. Filed October 20, 1890.

157-654

157-659

Office Supreme Court U. S.
FILED.
MAR 19 1894
JAMES H. McKENNEY,
*CLERK.*

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# SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1893.

Term No. 309.

CORNELIUS P. KEELER ET AL.,
APPELLANTS,

v.

THE STANDARD FOLDING BED COMPANY.

## BRIEF FOR APPELLANTS.

CAUSTEN BROWNE.
J. HENRY TAYLOR,
*of Counsel.*

---

# BRIEF FOR APPELLANTS.

This is a suit by a licensee for infringement of a territorial right under Letters Patent Nos. 311,623 and 364,875 for improvements in folding beds.

> "It is stipulated . . . that the appellee is the owner of the exclusive right under Letters Patent granted Lyman W. Welch, February 3, 1885, No. 311,623, and June 14, 1887, No. 364,875, for improvement in folding beds for certain territory including the states of New York and Massachusetts" (Record, p. 13).

It is also stipulated that, "the Welch Folding Bed Company of Grand Rapids, Michigan, own the said patents for certain territory other than Massachusetts and New York, including the state of Michigan, and manufacture and sell said folding beds under the said patents in Michigan; that the defendants purchased a car load of said beds from the said Welch Folding Bed Company at Grand Rapids, Michigan, for the purpose of selling them in Massachusetts" (Record, p. 13).

We contend that it should be taken to be the law that, the appellants having bought the beds in question of the patentee, and paid full market price therefor, and the beds having been sold to them without condition or restriction, and with knowledge that they were to be resold in Massachusetts, and without any notice in fact to the defendants of the existence of any exclusive right in Massachusetts on the part of the complainants, defendants by such purchase *acquired a com-*

*plete title to the beds*, and thereafter were entitled to make any use or disposition of them that they saw fit to make, so far as the patents were concerned.

It has been decided by the Supreme Court of the United States that where a patented article was purchased from one territorial owner of the right to make, use, and sell under the patent, such purchaser could not be enjoined from *using* such article in another territory for which another person had the exclusive right under the patent to make, use, and sell. This was in *Adams* v *Burke*, 17 Wall. 453. See, also, *Hobbie* v. *Jennison*, 149 U.S. 355. The court, however, passes without decision the question whether such a purchaser would have the right to *resell* his article in the territory of another exclusive licensee. Their language is, "Whatever therefore may be the rule when patentees subdivide territorially their patents, as to the exclusive right to make or sell within a limited territory, we hold that in the class of machines or implements we have described, when they are once lawfully made and sold, there is no restriction on their use to be implied for the benefit of the patentee or his assignees or licensees." In fact, the transaction in *Adams* v. *Burke* was really a sale. The defendant purchased a coffin in Cambridge of one having the right to make and sell it there, and used it for the purposes of a funeral in Natick, where the plaintiff had the exclusive right to make, use, and sell. Everybody knows that an undertaker's use of a coffin for a funeral involves the sale of the coffin.

Upon the question whether the purchaser of an article from the holder of the right to make and sell in one territory may afterwards *sell* it within another territory for which another person holds the exclusive right to make, use, and sell, there is conflict in the decisions of the circuit courts.

It has been held in the negative by Judge WHEELER in New York and by Judge McKENNAN in Pennsylvania.

*Hatch* v. *Hall*, 30 Fed. Rep. 513.
*Hatch* v. *Adams*, 22 Fed. Rep. 436.

In *Goodyear* v. *Beverly Rubber Company*, 1 Clifford, 348, the defendants bought up old worn-out vulcanized rubber shoes, and devulcanized them and added some special ingredients to them (all under process patents of their own), and made them up into rubber articles, which they sold. The Goodyear licensees, who had made and sold the shoes, were confined by the terms of their license to the use of the Goodyear invention for the purpose of rubber *shoes*. Goodyear now sought to enjoin the defendants as infringers of his patent for the product, vulcanized rubber, on the ground that they used patented vulcanized rubber shoes for the purpose of working out their own process; and it was argued by Judge Curtis and Mr. Merwin for the complainant, that, as the licensees could themselves only use vulcanized rubber for the manufacture of shoes, they could not confer upon the purchasers of the shoes any right to use the rubber for any other purpose. Judge CLIFFORD dismissed complainant's bill. He says, —

> "When the patented machine *rightfully* passes to the hands of a purchaser from the patentee, or from any other person authorized by him to convey it, the machine is *no longer within the limits of the monopoly*. By virtue of the contract of sale and the unconditional delivery of the manufactured article, *it passes outside of the monopoly, and is no longer under the peculiar protection granted to patented rights. Whenever a valid sale of the patented article is thus made, it then becomes the*

> *private property of the purchaser, and is no longer protected by the laws of the United States, but by the laws of the state in which it is situated.* From this rule, which is believed to be a sound one, it follows that, if a a purchaser acquires an absolute unconditional title to that which the subject of a patent, he may continue to use it until it is worn out, or he may repair it or improve upon it as he pleases, in the same manner as if dealing with any other kind of property. Suppose it to be an implement or machine, *he may devise it or sell it*, and if it be composed of various parts he may break it up and use the materials for any other lawful purpose."

Passing to the point that the licenses of the manufacturer and seller of the rubber shoes did not give him the right to use the rubber for any other purpose, and therefore he could not give any other right to the purchaser of the shoes, Judge CLIFFORD says, —

> "His contract, however, in the case under consideration, *fully authorizes him to manufacture the material of which the shoes are composed and to sell the shoes in the market. When he sold the shoes and received the consideration for the sale, the royalty for that quantity of the manufactured product was paid, and so much of the product went to the purchaser discharged of the peculiar privileges secured by the patent.* . . . As *bona fide* purchasers of the shoes, therefore, the respondents may use the material of which they are composed to make clothing or any other article not itself protected by a patent."

It is evident that in Judge CLIFFORD's view there was no distinction between unrestricted right to *use*, and unrestricted right to *sell*, articles once bought from a man having a right to sell them. Indeed, the disposition made of the old rubber shoes by the Beverly Rubber Company was as much a sale as a use. It is also evident that Judge CLIFFORD considered the fact that the parties from whom the defendants bought the shoes could not themselves have made such a use of them as that to which the defendants put them, as immaterial to the question what right they gave to the purchaser by an open and unrestricted sale.

In *Adams* v. *Burke*, 1 Holmes, 40, which was the decision of Judge SHEPLEY, afterwards affirmed by the Supreme Court, he says, quoting and following *Goodyear* v. *Beverly Rubber Company*, —

> "The purchaser acquires an *absolute title to the manufactured product* which is the subject of a patent, and may deal with it in the same manner as if dealing with any other kind of property. He may use it, repair it, improve upon it, *or sell it*."

In California, in the case of *McKay* v. *Wooster*, 2 Sawyer 373, Judge SAWYER followed Judge SHEPLEY's opinion in *Adams* v. *Burke*. He does not in his opinion say anything one way or the other about the right of the purchaser *to sell*. The act complained of was the act *of use*. He says, on page 380, that the territorial assignee from whom the defendant bought had an "*unrestricted assignment of the* right to vend" within his territory, which put it in his power "*to lawfully vend the patented article within his territory without restriction or condition, and thereby wholly emancipate from the monopoly the articles so sold*."

We submit that *on principle* the rule, as stated by Judges

CLIFFORD and SHEPLEY, is a sound rule, and the only sound rule.

The *argument* against it to be found in the dissenting opinion read by Justice BRADLEY in *Adams* v. *Burke*, 17 Wallace, if anywhere. We will therefore examine it critically.

Justice BRADLEY begins by admitting that, if it were a question of legislative policy whether a patentee should be allowed to divide up his monopoly into territorial parcels, *it might admit of grave doubts* whether a vendee of the patented article, purchasing it rightfully, ought to be restrained or limited as *to the place of its use*. But as a territorial assignment conveys the entire right of the patentee for that territory, and the patentee has the exclusive right to make, *and* to sell, *and* to use he considers that there is no escape from the conclusion that, as the territorial assignee has the sole right to *use* in his territory, a man cannot use there a patented article which he has bought of the patentee in other territory. This argument is of course just as strong and no stronger, as applied to the question of the purchasers right to *resell*. It was not satisfactory to the minds of the majority of the court."

His next argument is that as the patentee could not himself use the patented article in the territory of the grantee of the exclusive right to make, sell, and use, he could not confer the right to do so upon another by selling him the patented article. This argument again applies with as much force, but with *no more*, to the question of the right to *resell*. As to the right to use, it was not satisfactory to the minds of the majority of the court. And, as has heretofore appeared, it was positively overruled by Judge CLIFFORD in *Goodyear* v. *Beverly Rubber Co.*, where the licensed manufacturer of the rubber shoes was *expressly* confined to the use of the process for making shoes.

Again, Justice BRADLEY argues that if the doctrine of the majority opinion be correct, —

> "There would be nothing to prevent the patentee himself, after assigning his patent within a valuable city or other locality, from selling the patent machine or article to be used within the assigned district. By this means the assignment could be, and in numberless instances would be, rendered worthless."

This argument, like the others, is just as strong, and no stronger, when applied to the question of the purchaser's right to resell. And it is well answered beforehand by Judge SAWYER in *McKay* v. *Wooster*, at page 381 of 2 Sawyer:

> "If there be any practical hardship in the construction adopted of the law and the contract under it. . . . then the patentee, when he desires to assign, must consider whether he can afford to do so without restriction, and the subsequent purchaser, when he wishes to buy, must determine whether he can afford to do so with the burden entailed upon his territory by a prior grant unlimited in the particulars indicated."

To which it may be added that it is easy for an assignee, in buying an exclusive territorial right, to arrange with the patentee that his (the assignee's) exclusive right to use and sell shall not be interfered with by the use or resale in his territory of patented articles bought from the patentee in his territory. Stamping on such article sold by the patentee

"Not to be used or resold in " would cover the whole question, and the purchaser would know what he was buying.

On the other hand, the hardship to the public of the rule contended for against us is severe and practically inevitable. A dealer in articles of a certain class finds such articles on sale by the patentee. Without notice in fact of any territorial assignment, and without conditions or restriction imposed by the seller, he buys the articles (and it may be, as in the case at bar, with the declared purpose of reselling them at his home), and pays the full market price for them and takes them away. Must he, before he can safely buy, send to Washington to see if there is any territorial assignment on record? Such a requirement would paralyze trade in patented commodities. And even if he *did* send to Washington, his search there would give him no protection as to a territorial grantee whose grant was less than three months old.

See R.S., sec. 4898:

> "*Within that period he must protect himself in the best way he can*, as an unrecorded assignment would prevail" (NELSON, J., in *Gibson* v. *Clark*, 2 Blatch. 148).

It is impossible to draw a logical distinction between the right of a purchaser to use where he pleases, and his right to sell where he pleases, an article purchased without condition or restriction from the patentee.

The right to use without restriction as to place rests on the ground that by the purchase and payment of market price the article is "emancipated from the monopoly," and therefore is as free as if there were no patent. If it be said that the right to use *must be implied* in the sale and purchase, there is no implication of a right to use without restriction as to place. *That* right (adjudged by the Supreme Court) rests upon emancipation from the monopoly. And the right to resell without restriction as to place rests upon the same ground.

The majority opinion of the Supreme Court in *Adams* v. *Burke* (see also *Hobbie* v. *Jennison*, 149 U.S. 355) (where, we repeat, the court declined to decide anything about the right to *resell*) certainly does not give any reasons for sustaining the right to *use* in another territory which do not with equal force apply to the right to *resell*.

The opinion says, —

> "In the essential nature of things, when the patentee, or the person having his rights, sells a machine or instrument *whose sole value* is in its use, he receives the consideration for its use, and he parts with the right to restrict that use."

What is meant by a machine "whose sole value is in its use"? *Does it mean that to use it is all you can do with it?* That was not true of the thing before the court in that very case, viz., a patent *coffin*. For certainly the undertaker who bought it *could sell it*, and doubtless did sell it. He certainly did not *use* it. Does the expression, "whose sole value is in its use," mean that the circumstances of the sale show the machine to have been sold for use only and bought for use only? Then, if the circumstances of the sale show (as they do in the case at bar) that it was not for use but for resale, why is it not true that the patentee selling it "receives the consideration for its" *resale*, "and parts with the right to restrict that" resale?

The opinion proceeds:

> "The article, in the language of the court, passes without the limit of the monopoly."

"The language of the court" here referred to is that used by TANEY, C.J., in *Bloomer* v. *McQuewan*, 14 Howard. The rest of that language is as follows, — and it is certainly consistent with the opinions of Judges **CLIFFORD** and **SHEPLEY** in this circuit: —

> "It passes outside of it, and *is no longer under the protection of the act of Congress*. . . . The implement or machine becomes *his private individual property, not protected by the laws of the United States but by the laws of the state in which it is situated.* Contracts in relation to it are regulated by the laws of the state and are subject to state jurisdiction. . . . Like other individual property, it is then subject to state taxation."

Suppose it to be sold for non-payment of taxes, would the purchaser have no right to use it? If he *could*, then it is a case of lawful resale.

The opinion (*Adams* v. *Burke*) proceeds:

> "That is to say, the patentee or his assignee, *having in the act of sale received all the royalty or consideration which he claims for the use of the invention in that particular machine or instrument*, it is open to *the use of the purchaser* without farther restriction on account of the monopoly of the patentees."

Why not equally open to the use of any person to whom the purchaser may sell it?

There is no logical standing ground except that of the dissenting opinion in *Adams* v. *Burke*, viz., that as the territorial assignee has the exclusive right to make or sell or use in his territory, the patentee could not himself bring one of his patented instruments into that territory and *use* it, and therefore he could not give any right to anybody else to do so. But *this* doctrine is repudiated by the majority of the court, and they repudiate it upon the ground that the purchase of a patented article without restriction, in the open market for fair consideration, takes the article outside of the monopoly, or, in Judge SAWYER'S phrase, "*emancipates* it from the monopoly," so that, in the language of Judge TANEY, C.J., it is "no longer protected by the laws of the United States."

The only rational doctrine is that where there are a patentee and a territorial assignee, each with the exclusive right to make, use, and sell in his proper territory, the sale of the patented article by either *is to be taken as attended by the common law consequences of any sale of a chattel by a man* who owns and has the right to sell it. By the purchase it becomes the *private property of the purchaser.*

It is an intolerable interference with the freedom of commercial intercourse among our citizens that such a purchaser, who *owns* the thing and, because he owns it, may use it where he pleases, cannot also, because he owns it, sell it where he pleases and so give the purchaser the like right to use.

Suppose a man buying a patent emigrant wagon in Pittsburg of the owner of the patent for Pennsylvania, and starting to drive west through a series of states, the patent for each of which is held by a different assignee, he may *drive* his wagon through them all, but when he gets to his journey's end and has no more use for his wagon he cannot *sell* it, but must drive it back to Pittsburgh and sell it there.

Suppose a man buying one of these patent beds of the Standard Bed Company in New York, and, after using it in his house for a term, moving to some other state where somebody else owned the territorial right he could not sell or exchange his bed there: he may use it, but no purchaser of it from him can use it.

These cases illustrate the grotesque consequences of the rule against the right of *resale*.

As to the argument drawn from the fact that each territorial assignee's exclusive right to make *and* to use *and* to sell must be respected, let us consider what that exclusive right means. It certainly means that as to that territory, the assignee stands in the patentee's shoes, and may sue *infringements*, whether by making, or selling, or using, as the patentee could do. But what are "infringements?" The rational meaning of the term is the manufacture, or use, or sale of the patented thing *in violation and defiance of the patent granted by government*. But can a man who has bought, without restriction or condition, one of the patented articles from the patentee, and paid the full price charged upon it as a patented article, and *owns it*, be called an infringer of the patent when he sells it to another?

It may be that such sale in the territory of an assignee may do him harm not contemplated as between him and the patentee. But that is a matter between *them*. It is a matter of violation of contract express or implied. Certainly the law never intended that the purchaser and reseller in such a case should be treated as a tort-feasor.

A useful analogy may be found in the case of two joint owners of a patent. Each has the exclusive right to sell, as much as the other. And each has the right to sell without accounting for any part of the profits to the other, and the purchaser from either may freely use and sell what he has purchased. If this works to the embarrassment of either or both of the joint owners, they may prevent it by an agreement between themselves as to how they shall enjoy, *without* conflict of interests, a franchise, which, as jointly held and in the absence of express agreement, exposes both to the danger of such conflict of interests.

See *Vose* v. *Singer*, 4 Allen, 226.

This evidence is not contradicted.

Again, the records at the Patent Office at Washington would not have shown the assignment to complainant of any rights under Letter Patent 364,875, as said assignment was not recorded till October 26, 188, three days after the filing of the bill in this case (Record, p. 16).

Infringement is denied by the answer, which is sworn to (Record, p. 6, par. 8).

It is not proved or attempted to be proved under *which* patent the alleged infringement was made, and if under the second patent, viz., 364,875, the appellants certainly had no notice of the rights of complainant either constructive or otherwise. The assignment under this patent, although executed June 14, 1887, was not recorded till sixteen months after (Record, p. 16).

As against a purchaser in good faith for value, without notice of any prior assignment, an assignment not recorded within the time limited in the act is not valid, and will not affect his rights acquired from the patentee before such record is made.

*Perry* v. *Corning*, 7 Blatch. 195.
*Gibson* v. *Cook*, 2 Blatch. 144.
*Turnbull* v. *Wier Plow Co.*, 6 Bissell, 225.
*Hall* v. *Speer*, 6 Pitts. L.J. 403.

The complainant has nowhere proved or attempted to prove that the beds purchased from the Welch Company were manufactured under the *first* or under the *second* patent.

Mr. Hayes (Record, p. 12, ans. 6) says, "*Nearly* all the beds made and sold by us since the issue of the second patent, *i.e.*, June 14, 1887, employ both inventions conjointly."

This shows that at least some of the beds were made under one patent and some under the other.

Having elected thus to leave the proof of infringement on the record for final hearing, we contend that, for the purposes of this case, the appellants, if held as infringers at all, must be held to infringe the second patent alone, and if so (having had no notice), so far as they were concerned, it was as if no assignment had been made of the right to sell in Massachusetts.

The complainant in any event must show notice, constructive or otherwise, to appellants, in order to hold them as infringing the territorial right.

> *Speed Company* v. *Standard Company*, 37 Fed. Rep. 789.

This we contend they have not done.

All the equities are in favor of the appellants. When the appellants were notified of complainant's rights, Mr. Keeler says (Record, p. 14), "I immediately told him, if we had no right to sell the beds here, we certainly did not desire to do so, and gave him all the information he desired, and also offered so return the bed, to his company at their actual cost to us, and not to purchase or sell more. This offer was not accepted."

This is not the case of an alleged infringement by a defendant with full knowledge of the rights of a licensee for the same territory, but the case of a *bona fide* and innocent purchaser without notice of the rights of any one in the territory where they proposed to sell.

We submit that, on the evidence as presented, the decision of the court below should be reversed and the bill dismissed.

CAUSTEN BROWNE,
J. HENRY TAYLOR,
*Counsel for Appellants.*

151-659

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# Supreme Court of the United States.

OCTOBER TERM, 1893.—TERM NO. 309.

CORNELIUS P. KEELER AND GEORGE A. KEELER,
*Appellants,*

*vs.*

THE STANDARD FOLDING BED COMPANY,
*Appellees.*

## BRIEF ON BEHALF OF THE APPELLEES.

EDWIN T. RICE.

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The Evening Post Job Printing House, New York.

# Supreme Court of the United States.

OCTOBER TERM, 1893.

**Term No. 309.**

CORNELIUS P. KEELER and
GEORGE A. KEELER,
Appellants,

AGAINST

THE STANDARD FOLDING BED
COMPANY,
Appellees.

## BRIEF ON BEHALF OF THE APPELLEES.

This is an appeal from a final decree of the Circuit Court of the United States for the District of Massachusetts, in a suit in equity, brought by The Standard Folding Bed Company, a corporation of the State of New York, against Cornelius P. Keeler and George A. Keeler, merchants, carrying on business in the City of Boston. The suit was brought to restrain the defendants from infringing letters patent of the United States for improvements in folding or wardrobe bedsteads, issued to Lyman W. Welch, No. 311,623, dated February 3, 1885, and No. 364,875, dated June 14, 1887.

At the commencement of the suit, a provisional injunction was granted upon complainants' motion, restraining the defendants, *pendente lite*, from the infringement complained of; and this injunction was continued and made permanent by interlocutory decree entered January 2, 1890. The interlocutory decree also sustained complainants' patents, adjudged that the defendants had infringed the same, and appointed a Master to take an account of the profits derived by the defendants from such infringement (Record, p. 8).

Thereafter the Master reported the amount of the defendants' profits so derived, and a final decree was entered, confirming the Master's report, and adjudging that the complainants recover of the defendants the amount of the profits so reported, together with their costs of suit (Record, p. 9).

From this decree, the defendants have appealed to this Court.

The material facts, concerning which there is no dispute, appear in the stipulation found on page 13 of the Record.

Briefly the case is as follows: The Standard Folding Bed Company was the assignee and absolute owner of all rights under the Welch patents within and throughout the State of Massachusetts and other eastern territory.

Prior to the commencement of this suit, the defendants, at Grand Rapids, Michigan, purchased a carload of wardrobe bedsteads containing the inventions covered by these letters patent. The purchase was made from the Welch Folding Bed Company, a copartnership vested with all rights under said letters patent for the State of Michigan.

Having purchased the beds in Michigan, the defendants removed them to their warerooms in the City of Boston, and there proceeded to sell them in the course of trade, against the protest of the complainants.

It also appears that the defendants, before the purchase, had actual notice of the complainants' rights in Massachusetts, and that they made their purchase at Grand Rapids with the intention of offering the beds for resale in Massachusetts.

The sole question presented by this appeal, therefore, is — to quote the rescript filed herein by Judge Colt upon the motion for a preliminary injunction — "Whether the purchaser of a patented article sold by the assignee of a patent right for a certain defined territory can, *in the course of trade*, sell the article in another territory for which another person has the exclusive territorial right?" This question was presented upon the motion for a provisional injunction, and was decided by Judge Colt in favor of the complainants (Record, p. 16). The question was further argued at the hearing of the cause before the same Judge, after proofs had been taken, and the conclusions expressed upon the decision of the motion were affirmed (Record, p. 16).

The case is reported below in

37 Federal Reporter, 693, and
41 Federal Reporter, 51.

## I.

## One who purchases patented articles from the owner of defined territorial rights under Letters Patent therefor, acquires no right to sell the same in the course of trade outside of the territory of his vendor.

This precise question has never been decided by this Court, but in a succession of cases, all of the principles which should govern in cases of this nature have been definitely determined.

The question turns upon the construction of Section 4898 of the Revised Statutes, which provides that:

> "Every patent or any interest therein shall be assignable in law by an instrument in writing, and the patentee and his assigns or legal representatives may in like manner grant and convey an exclusive right under his patent to the whole or any specified part of the United States."

And Section 4884:

> "Every patent shall contain * * * a grant of the patentee, his heirs and assigns, for the term of seventeen years, of the exclusive right to make, use and vend the invention or discovery throughout the United States and Territories thereof."

Under the cases in this Court, the right to make, the right to use, and the right to vend a patented invention are each recognized as substantive rights; and it has further been held that the right to sell is susceptible of territorial subdivision.

The distinction between the right to make and vend a patented article, and the right to use it, is clearly established by the case of

*Bloomer* vs. *McQuewan*, 14 *How.*, 549.

> "The distinction is a plain one. The franchise which the patent grants consists altogether in the right to exclude every one from making, using or vending the thing patented without the permission of the patentee. This is all he obtains by the patent, and when he sells the exclusive privilege of making or vending it for use in a particular place, the purchaser buys a portion of the franchise which the patent confers. He obtains a share in the monopoly, and that monopoly is derived from, and exercised under, the protection of the United States. And the interest he acquires necessarily terminates at the time limited for its continuance by the law which created it. * * * But the purchaser of the implement or machine for the purpose of using it in the ordinary pursuits of life stands on different ground. In using it he exercises no rights created by the act of Congress, nor does he derive title to it by virtue of the franchise or exclusive privilege granted

> to the patentee. The inventor might lawfully sell it to him, whether he had a patent or not, if no other patentee stood in his way. And when the machine passes to the hands of the purchaser it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the act of Congress."

Adams *vs.* Burke, 17 Wall., 453, which has long been regarded as having settled the principles governing territorial rights under letters patent, affirms the distinction between the right to manufacture, the right to sell in the course of trade, and the mere right to use a patented article, thus:

> "The right to manufacture, the right to sell and the right to use are each substantive rights, and may be granted or conferred separately by the patentee;"

and the Court in the following language, expressly reserves the question regarding territorial rights of sale:

> "Whatever, therefore, may be the rule when patentees subdivide territorially their patents as to the exclusive right to make or sell within a limited territory, we hold that in the class of merchandise or implements we have described, when owned, lawfully made and sold, there is no restriction on their use to be implied for the benefit of the patentee or his assignees or licensees."

See also the very able dissenting opinion of Mr. Justice Bradley, with whom concurred Mr. Justice Strong and Mr. Justice Swayne.

This case was followed by

Boesch *vs.* Gräff, 133 U. S., 698,

in which it was held that where an invention patented in a foreign country is also patented in the United States, articles containing the invention cannot be imported into the United States from a foreign country, and sold here, without the license or consent of the United States patentee, although purchased in the foreign country from a person authorized to sell the same under the foreign patent.

This case establishes explicitly:

(*a.*) That the sale of a patented article for re-sale in the course of trade does not take it outside "of the limits of the monopoly" granted by letters patent, and

(*b.*) That territorial limitations of the right of sale of such patented articles will be recognized and enforced.

The principles established by this case are decisive of the question raised by this appeal, the only difference being that in Boesch *vs.* Gräff the purchase had been made abroad from the owner of foreign patent rights, and the re-sale was sought to be made here, while in the case at bar the purchase was made by appellants from the owner of a sectional interest under the patent rights within the United States, and the re-sale of the patented articles was sought to be made in territory owned by the appellees.

The cases at Circuit since Adams *vs.* Burke are uniform.

In Hatch *vs.* Adams (22 Fed. Rep., 436), McKennan, *J.*, after citing Adams *v.* Burke, and the various cases distinguishing between use and sale, reaches the following conclusion:

> "In view of the state of the law as it has been expounded by the Supreme Court, we feel authorized to express our own judgment that a sale of patented articles in the ordinary course of trade, outside the territorial limits to which the right to sell is restricted by the patentee's grant, is unwarranted."

See also Hatch *vs.* Hall, 22 Fed. Rep., 438.

30 Fed. Rep., 613.

California Electric Works *vs.* Fink, 47 Fed. Rep., 583.

From this review of the cases it seems to be well settled in principle and in practice that equity will restrain the sale of patented articles at the suit of the owner of the rights conferred by patent within the territory wherein the right to sell is asserted, if such articles have not been purchased from the owner of such patent rights.

To hold otherwise would practically nullify the effect of Section 4898 of the Revised Statutes, since it would be impossible for a patentee to confer exclusive rights of sale upon any assignee for any defined territory, if purchasers from one territorial assignee were permitted to sell in all territory indiscriminately and without reference to the place of purchase. A purchaser for resale cannot be said to withdraw the article purchased from the monopoly created by the patent. On the contrary he buys a portion of the franchise and is thus attempting to reap the benefit of the monopoly. Clearly this should only be permitted in the territory of his vendor, who can give the vendee no right beyond his own territory.

For a further review of the American and English cases, see Hall's Patent Estate, Sections 77 to 89, inclusive.

The argument may be briefly summed up as follows:

Under Section 4884 of the Revised Statutes, every patent contains a grant to the patentee of three exclusive rights, namely, to make, to use and *to vend* the invention or discovery. Under Section 4898, every patent or interest therein is assignable, and the patentee or his assigns or legal representatives may grant and convey an exclusive right under his patent *to the whole or any specified part* of the United States. The cases in this Court, commencing with Bloomer *vs.* McQuewan, have clearly recognized the distinction between the right to use, the right to make and the right to vend the invention: and in the case of Adams *vs.* Burke, while holding that the right to use, when once the patented article is sold, cannot be territorially restricted by reason of any limitation of the territory of the vendor, inasmuch as it passes out of the monopoly granted by the patent—this Court expressly reserves the question regarding the right to make and the right to sell.

Finally, the case of Boesch *v.* Gräff holds that articles purchased from a foreign patentee may not be sold within the United States in defiance of the rights of the American patentee—thus establishing that the sale of an article for resale in the course of trade does not take it out of the monopoly, and that territorial limitations of such right of sale will be recognized and enforced; and the cases at Circuit, since Adams *vs.* Burke, have uniformly held that the right of sale is susceptible of territorial division, and that a purchaser of patented articles from an owner of patent rights in one territory acquired no right to sell in any other.

## II.

## The decree of the Circuit Court should be affirmed, with costs.

No exceptions were filed to the Master's report, and the only objections urged to the interlocutory decree, other than the broad question of territorial rights under Letters Patent already discussed, are that the appellants had no actual notice of the appellee's rights for the State of Massachusetts, and that the assignment of Letters Patent No. 364,875, although executed and delivered to appellees more than a year prior to the commencement of the action, was not filed for record in the Patent Office until shortly prior to the commencement of this suit.

There is no merit whatever in either of these objections. As regards the first, it appears from the stipulation (Record, p. 3) that in October, 1887, and before they purchased the infringing beds at Grand Rapids, the appellants had negotiations with the appellees regarding these Welch beds, in the course of which they had notice of the territorial rights of appellees. In any case, the delay in recording the assignment of the later patent can be of no advantage to appellants, for it has been repeatedly held that the statute (Section 4898 of the Revised Statutes), is merely directory, and that any recording subsequent to the prescribed term of three months will suffice to vest the assignee with the title, except as to intermediate *bona fide* purchasers for value.

> Pitts *vs.* Whitman, 2 Story, 609;
> Brooks *vs.* Byam, 2 Story, 525;
> Perry *vs.* Corning, 7 Blatch., 195,

and the whole context shows that the scope and purpose of the act was designed to protect purchasers or mortgagees who, for a valuable consideration, without notice, should acquire any rights or interest *in the patent itself.*

If the appellants in the present case had made their purchases from a licensee having limited territorial rights, their right to resell would be similarly restricted, and they would be bound to inquire into the authority of their vendor. But no record of a license is necessary. It is clear, therefore, that the recording act has nothing to do with cases like that under consideration. Appellants had title to both patents in Massachusetts, which was good against all the world, except—as to the latter patent—as to *bona fide* purchasers or mortgagees for a valuable consideration of an interest in the patent itself. The appellants were neither purchasers nor mortgagees of any interest in the patent, and are therefore entirely unaffected by the delay in recording the assignment of complainants' second patent.

It is further urged on behalf of the appellants that the appellees have never proved, nor attempted to prove, whether the Welch beds in suit were manufactured under the first or under the second patent. The answer to this is contained in the stipulation, which concedes that the appellants purchased a carload of said beds, *i.e.*, beds containing improvements covered by Letters Patent No. 311,623 and 364,875. This admission concludes the appellants, who were rightly held to be infringers of both the patents sued on.

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Appellees.